

*Tankowski*

BUDGET SPEECH – 2013/14 FINANCIAL YEARS.

Honourable Speaker. *Honourable Members*

I thank you for this opportunity for allowing me to comment on the National Budget.

Honourable Minister of Finance, members of this august house; I wish to make a few remarks in respect of the content, character and the intentions of the 2013/14 national budget.

Firstly, as a patriot, who believes in the manifesto and the electoral promises we made to our people, I have some positive and also critical views about the budget in its current format and scope.

On a positive note, I recognize the efforts of this budget to meet national development objectives. I recognize the sincere attempt of this budget to take us from economic and employment growth to skills development, underscoring the development of skills as the **sine qua non** of our economic growth and development. We need a critical mass of skilled and knowledgeable human resources to understand and

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chart the way forward in the much sought after economic growth trajectory in this country.

As a result of this fundamental reality, I am pleasantly surprized and feel proud of our budget for allocating the lion's share of the total budget allocation to education.

I am also inclined to agree with the concluding thoughts narrated by Namfisa with regard to the budget, to the extent that the budget is favourable to the working class, because of its two-pronged approach providing both for salary increases and tax cuts at a higher minim income threshold.

Although it is not identified in such a clear language, I am tempted to regard this as an expansive budget, though with good intentions – considering the rise in the size thereof, from N\$37.7 billion in the previous financial year, to N\$47.6 billion in the current financial year. Honourable Speaker, I recognize the efforts of an expansive budget are geared towards speeding up economic growth, and job creation. While we have pushed up the margins of our anticipated spending with a N\$10 billion or 26% increase, the worrying trend is that we intend to cater for the N\$7 billion plus deficit

with just over 50% of the deficit, in the form of cash reserves, while we intend to account for the remaining 50% through external financing and internal borrowing. Yes, we do it for a good reason, and a justifiable cause, but is it the only way to go?

To draw your attention to the Washington Consensus, the main fiscal elements of this policy consensus are: low budget deficits, strengthening of public revenue, expenditure planning and management, restructuring of public expenditure to increase the allocations for social spending and infrastructure, tax reform to broaden the tax base, and reduce marginal rates, as well as restructuring the institutions and enterprises in the public sector. Our case is, to some extent, a paradox from the Washington consensus, in the sense that the current budget, though it's a very good gesture towards low income earning individuals, has narrowed the tax base by increasing the minimum taxable income threshold; while we continue to use state money to keep parastatals artificially alive, that operate in competitive market environments. The allocation to various state-owned enterprises in the current budget bears testimony to this trend.

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We must also not lose sight of another prominent feature in the contemporary fiscal policy environment, which is the continued international integration of economic activity. This fundamental reality speaks to our behaviour both as a producing and a consuming nation.

The question that is invited from our inclination to increase our domestic and foreign borrowing to finance close to 50% of this deficit is: whether we will ever be able to borrow ourselves into sustainable and sustained social, economic and national development under the current financial regime. Would it rather be wise and farsighted to avoid supplementing insufficient tax revenues with excessive national debts; and produce a slowdown in social transformation, or shall we decelerate social development to avoid a crushing national debt at the expense of going into monumental national debt in order to accelerate social transformation? Given the current state of affairs, I appreciate that our choices are only limited to one of those two very bad choices; because we do not have enough sufficiently rich enterprises and individual to pay enough tax, that will balance with our budget targets.

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We also do not have the global currency reserves such as the US has. Therefore, we will never be able to borrow like the Americans within the confines of the current global financial order.

Notwithstanding the above critical factors, the intend to grow jobs, and accelerate SME development through allocations for the SME bank and the Development bank, is a good departure point. I support this initiative because the attraction of so-called foreign investment perverts the economics of Namibia by skewing profit extraction towards export. In that vein, as a nation, we use what we don't produce, and we produce what we don't use.

Because of these export mental paradigms as a nation, poor and dispossessed Namibian work hard and labour faithfully while the profits of the so-called foreign investors are repatriated in big volumes and at high speed; and in the process, only few local elite, guarding the profits of these foreign conglomerates become rich.. To this end, our budget must be commented for its job creation focus, but be reminded that growing jobs alone will not grow our economy.

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We must create budget mechanisms that will stop us from importing products with high value-added content, while exporting products with low value-added content; ; because it puts pressure on our currency to devalue the Namibian Dollar in order to boost exports; leading to chronic outflow of economic value from within our borders.

We must commit ourselves to a core long-term national project to build a parallel supplementary and complimentary economy outside the financial monopoly of the current international regimes and local elite, for the benefit of our dispossessed masses.

*I support the budget .*

I thank you.

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